

Price Only Relative In Leasing Space

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Price should be only a relative factor in shopping for office space.

Leasing pros insist that some space seekers put too much emphasis on "how much per square foot per year?"

However, leasing men confirm—off the record, of course—that the lack of a businesslike approach to renting office space often results in the tenant making less than a good deal. This does not generally apply to large space users with their real estate negotiators who evaluate the entire package

being submitted by a prospective landlord.

Location—so important to any successful real estate happening—is probably the cardinal element of a basically good office space lease. Space shoppers should carefully note any unusual geographic requirements before looking at specific buildings.

Consider the possible need for nearby meeting rooms, public transportation for hundreds of lower paid clerk-typists, availability of public parking, access to the Beltway or to key govern-

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ment agencies and airports.

These are some of the factors which will steer tenants towards certain locations.

As an aid to finding the most advantageous location, it might be well to obtain copies of maps that depict the entire Washington metropolitan area. (These may be obtained from the D.C. Department of Highways & Traffic, 14th & E Sts. NW, Washington, D.C. and the Washington Metropolitan Area Transit Authority, 950 L'Enfant Plaza South, SW, Washington, D.C.)

In the event the evaluation allows either downtown or suburban consideration, then price will be an important factor.

Buildings within the central business district are more sophisticated, which is not to downgrade office structures in the outlying areas. Downtown offices are more likely to be carpeted

at the landlord's expense. Elevator service and cabs should be a little bit better. In addition, there is generally a better selection of restaurants, hotels, barber shops and shoe shine stands.

Suburban areas, such as close-in Silver Spring, Chevy Chase and Rosslyn, offer more elbow room, less expensive parking, panoramic views of the countryside or skyline, slightly lower rentals and a good supply of secretarial help.

Once the general area has been pinpointed, the business pages and classified sections of the local papers will provide leads for follow-up. Meanwhile, there will be signs on buildings that provide additional information.

Next, the prospective tenant should contact all of the selected owners and agents and provide them with specifications. This itemization should list approximate

square footage being sought, length of lease desired, parking needs, and whether there are any special physical or other requirements of vital importance, such as a need for weekend services, computer rooms, excessive floor load requirements, etc.

Owners or agents should be asked to respond in writing and include a blank lease form, fitting-up allowance exhibit, cleaning specifications, parking availability and cost and a list of extra charges, if any, for such items as overtime services.

In analyzing a lease, particular attention should be paid to the specified operating hours of the building. Some landlords charge an hourly rate if tenants use their premises and require building services (lights, elevators, air conditioning, etc.), above and beyond the hours specified in the lease.

While there are scores of items to be considered in evaluating each submission, these are some of the most important: elevators, the speed (one cab for every 35,000 square feet of space, traveling at 500 feet per minute, with a 3,500-pound capacity is excellent.)

Loading dock facilities and freight elevator service.

Air conditioning system actually operating in the winter.

Self park or valet park in the garage. If self-park, does each monthly parker have his own reserved space or is it on a "hunt and find" basis.

Building security, unfortunately, is all too important and many times too lax these days. Check it carefully before you sign.

Cleaning standards have slipped in some properties. Help is a problem. Nevertheless, insist upon inspecting

existing space to see firsthand the condition. How often will the landlord repaint? Inspect the public toilets and fire stair wells. These areas will give clues as to the landlord's attitude about cleanliness.

Finally, price . . . what should you pay?

Tenants will generally receive what they pay and ask for, say the leasing pros.

When evaluating cost per square foot, determine first what is the net, net cost of the office space. Then add on the extras for overtime services, parking, carpeting or other extras. Translate the gross cost of these items into the rate per square foot.

If, for instance, one landlord provides 24-hour heat and air conditioning at \$6 a square foot per year, while another offers a basic rent of \$5.50 per square foot without any extra air conditioning, and assuming a charge of \$50 per hour for air conditioning beyond lease hours, it might be cheaper in the long run to accept the \$6 offer.

In addition, what kind of options will the landlord offer and "give without a charge?" Even though the quoted rate is low, an option to extend the lease might be so costly that, if exercised, the effective rental might be out of proportion.

Don't let numbers confuse the issue. Don't be misled that a low rate per foot is necessarily the best deal. All factors must be considered by the tenant—because the owner does.